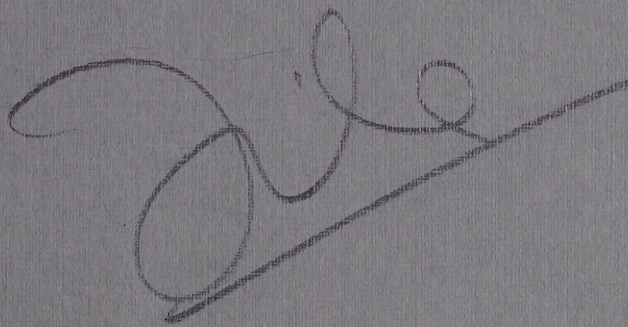


PLACIER

Placer Development Limited Forty-first Annual Report

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April 26 - December 31, 1966

PLA CIER



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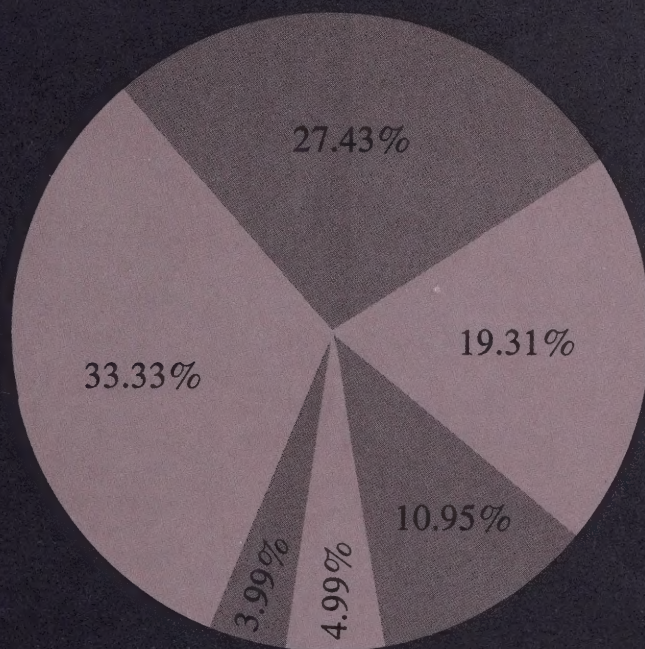
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ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of the Company will be held on Thursday, April 27th, 1967 at 11 a.m. in the Social Suite of the Hotel Vancouver, Vancouver, British Columbia, Canada.

The period at a glance

\$ 6,221,248
\$ 1.17
\$ 3,151,483
\$ 0.60
5,301,537
\$ 4,939,301
\$52,717,431
\$ 9,595,536
5,800
2,245



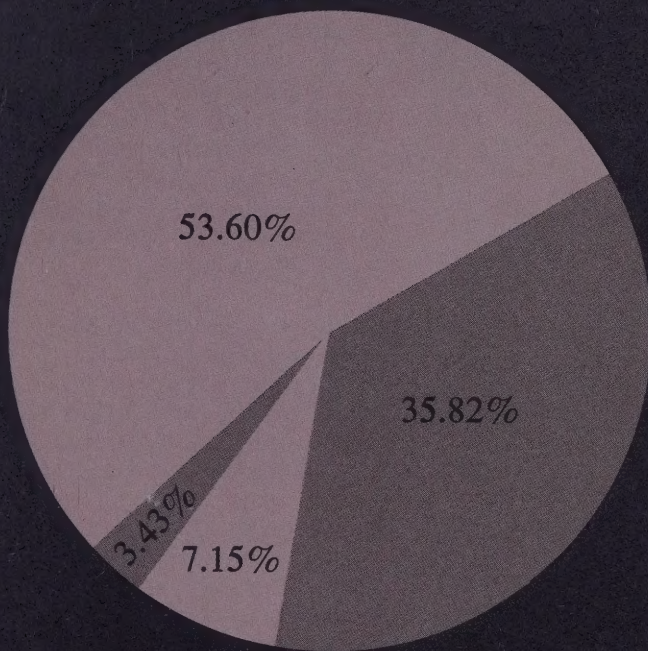
FUNDS WERE USED FOR

Reduction in term bank loans	27.43%
Additions to fixed assets	19.31%
Dividends	10.95%
Increase in exploration in progress	4.99%
Investments and other assets	3.99%
Working capital, end of period	33.33%

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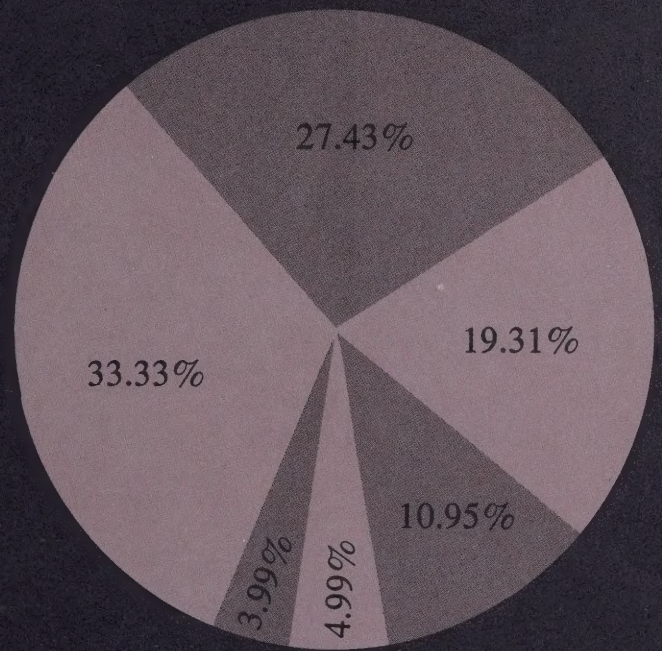
The period at a glance

Net Income	\$ 6,221,248
Earnings per share	\$ 1.17
Dividends paid	\$ 3,151,483
per share of outstanding Common	\$ 0.60
Common Stock outstanding (net)	5,301,537
Recorded value of investments	
with quoted value	\$ 4,939,301
Market value of investments	\$52,717,431
Working capital	\$ 9,595,536
Approximate number of shareholders	5,800
Number of employees	2,245



FUNDS WERE AVAILABLE FROM

Working capital, beginning of period	53.60%
Funds from operations	35.82%
Redemption of debentures	7.15%
Sale of Common Shares	3.43%



FUNDS WERE USED FOR

Reduction in term bank loans	27.43%
Additions to fixed assets	19.31%
Dividends	10.95%
Increase in exploration in progress	4.99%
Investments and other assets	3.99%
Working capital, end of period	33.33%

**Directors'
report to
the shareholders**

*New fiscal year
established*

*Comparison with
1965. Increase of
\$2,169,009*

*Craigmont and Endako
influential*

*Exploration intensified.
Costs increase*

*Endako holdings now
82.26%*

*Interest in Magnum
Consolidated sold*

*Endako secure in
world molybdenum market*

In accordance with the advice given at the last Annual General Meeting, your Directors are pleased to present this 41st Annual Report for a fiscal year ending December 31, rather than the previously established year-end of April 30. Accordingly, this report covers the eight-month period ended December 31, 1966. For purposes of comparison, financial and other information for this period have been set against unaudited figures for the same eight-month period of last year.

In the period under report the earnings of your Company amounted to \$6,221,248 or \$1.17 per share. This represented an increase of \$2,169,009 or \$0.39 per share compared with the 1965 results for the same period. This substantial increase in your Company's earnings is due to two factors primarily: Craigmont Mines Limited resumed the payment of dividends, paying a regular dividend of 25c per share in July and October, plus an extra 25c a share in October, 1966. Endako Mines Ltd. results reflect a full eight months of operations for the period ended December 31, 1966; whereas, for the same period in 1965 the mine was in operation for only five of the eight months, as the preproduction period ended July 31, 1965.

The Company has continued an aggressive exploration program throughout Canada and other countries, with a resultant increase in exploration expense. Exploration for new mines is an extremely high-risk undertaking, and it is not uncommon for a bridge of several years to exist between successful exploration and its resulting benefits. However, your Company is engaged in several ventures at present, which indicate better than average chances of becoming successful mine operations.

During the year the Company increased its holdings in Endako Mines Ltd. from 76.6% to 82.26% — an increase of 5.66%. This was made possible in part when certain blocks of shares were offered to the Company at what your Directors considered to be advantageous prices. Part of the consideration was a block of 70,000 Placer shares held by a wholly-owned subsidiary; this holding arose out of the amalgamation with Bulolo Gold Dredging Limited in April, 1966. In November, 1966, the Company accepted an offer for the purchase of its 44.6% interest in Magnum Consolidated Mining Co. Ltd. (N.P.L.)

At the close of 1966, the free world molybdenum supply/demand relationship appeared to have achieved a balance. This was particularly significant in view of the fact that the level of production had increased from 75 million pounds at the end of 1964, to 120 million pounds at the end of 1966. The position of Endako in this market remains secure by virtue of long-term contracts in diversified markets, good concentrate quality, and a stable pricing philosophy.

*Copper's performance
satisfactory in the short run*

*Zinc market favorable.
Lead less so*

*Russell H. Bennett
retires from the Board*

*Two Board vacancies.
J. E. Richardson and R. G. Rogers
recommended for election*

While it is not expected that the present copper prices will last for the long term, they may well be maintained for the first half of 1967. Anticipated labor unrest in the U.S. copper industry, together with unsettled political conditions in the major copper-producing countries, make it difficult to project copper's performance beyond the immediate future.

The favorable United States lead and zinc markets in which Placer participates, show indications of continuing. Barring artificial restrictions such as would be introduced through quotas, there is good reason to expect stable zinc markets in 1967. Lead is somewhat handicapped by a lower rate of consumption growth and increasing mine production, with the result that its price outlook is less favorable than that of zinc.

Company interests and activities in the United States continue in a satisfactory manner, except that the Evan Jones operation is expected to terminate in the near future.

Australia and New Guinea interests continue to indicate a uniformly stable growth situation.

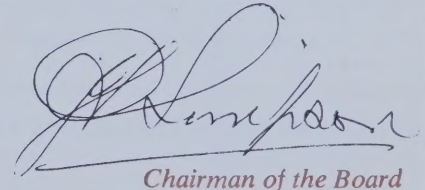
In the Notice of Meeting accompanying this report you will observe that the name of Russell H. Bennett is not included in the list of Directors standing for re-election to the Board of Directors. Article 61 of the Company's Articles of Association provides that no Director shall, after attaining the age of 70 years, be eligible for election to the office of Director. The application of this Article precludes Mr. Bennett from standing for re-election at the forthcoming General Meeting. He joined the Board of Placer Development Limited in September, 1951, and was from April, 1962 to October, 1964, Chairman of the Company's Board of Directors. His wide interests and broad knowledge of the mining industry have been of tremendous value to the Company, and he will be greatly missed by his friends and colleagues on the Board.

With Mr. Bennett's retirement from the Board, and the previously-announced retirement of Mr. J. W. Austin, there exist two vacancies on the Board; Messrs. J. E. Richardson and R. G. Rogers have consented to stand for election, and your Directors unanimously recommend their election.

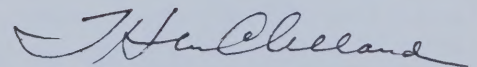
Mr. Richardson is President of the B.C. Telephone Company, and Mr. Rogers is President of Crown Zellerbach Canada Limited. Their background and experience will lend considerable strength to your Board.

To the staff and employees of the Placer Group of Companies, the Directors wish to express, both on behalf of the Board and of yourselves, sincere appreciation and thanks for the continued loyalty and efficient service which has contributed so substantially to the progress of your Company as outlined here.

On behalf of the Board



Chairman of the Board



*President and Chief
Executive Officer*

Operations

CANADIAN

Jersey Mine (100% owned)

The Jersey lead-zinc operation, located near Salmo, British Columbia, continued operations on a five-day week basis during the year. In the eight month period ended December 31, 1966 a total of 271,956 tons of ore grading 0.96% lead and 3.34% zinc was mined and milled. This mill throughput produced 2,481 tons of lead concentrate and 14,010 tons of zinc concentrate.

Lead concentrate produced was shipped to the Bunker Hill smelter at Kellogg, Idaho, and zinc concentrate to the Anaconda smelter at Black Eagle, Montana.

The price of lead dropped from 16.0 cents (U.S.) to 14.0 cents (U.S.) per pound during the year, but the zinc price remained steady at 14.5 cents (U.S.) per pound.

Proven and probable ore reserves at December 31, 1966 were calculated at 606,455 tons grading 1.2% lead and 3.9% zinc, in comparison with reserves of 639,996 tons grading 1.2% lead and 4.0% zinc on April 1, 1966. After mining, the 250,000 tons of new ore proven during the year were added through mining exploration and geological interpretation within the limits of the known ore bodies.

Mattagami Lake Mines Ltd. (N.P.L.) (25.86% owned)

Mattagami Lake Mines operates a zinc-copper mine in the Mattagami area of Quebec. The nominal throughput of the mine is 3,800 tons per day; the number of employees is approximately 450.

During the calendar year 1966 the average throughput of the concentrator was 3,866 tons per day for a total, during the period, of 1,411,100 tons of

ore averaging 13.2% zinc and 0.62% copper; production totalled 333,753 tons of zinc concentrate and 30,355 tons of copper concentrate.

The net profit of the operation after allowances for depreciation, amortization and Quebec Mining dues was \$16,215,000, or \$2.46 per share. No federal taxes were paid as the property was in the tax-free period until November 30, 1966. On February 21, the Board of Directors of Mattagami declared Interim Dividend No. 1 in the amount of 25c per share, payable March 22 to shareholders of record March 1. Placer received \$426,631.50 of the total dividend payment.

The profits reported in 1966 are 11% above those of last year. This increase is due to lower mining costs, better ore recovery, higher than average grade ore, higher copper prices, and lower interest costs than in the previous year. Estimates for the immediate future indicate somewhat lower profits as the ore grade must drop to the average of the reserves and the profits are now taxable.

The cash flow generated was used to retire all long term debts on November 30 and to pay Mattagami Mines' portion of costs for the Canadian Electrolytic Zinc plant expansion at Valleyfield.

Exploration at the mine and in the area was continued throughout the year. No major discoveries were recorded, but approximately 680,000 tons of new ore were added to replace that mined. Ore reserves at year end were:

18,726,000 tons at 10.4% zinc, 0.69% copper, 0.014 oz. gold per ton, and 1.13 oz. silver per ton.

The expansion program at the Canadian Electrolytic Zinc plant, Valleyfield, Quebec was completed in late 1966; the plant is now capable of producing in excess of 400 tons of slab zinc per day, but is presently operating on a basis of 360 tons per day. During 1966, the plant produced 87,400 tons of slab zinc, an increase of 18% over the previous year.

Craigmont Mines Limited (44.6% owned)

Craigmont Mines Limited, a 5,000 ton per day copper mining operation near Merritt, B.C. reported a net profit of \$7,627,627, equivalent to \$1.50 per share for the 6½ months of operation ended October 31, 1966. The substantial increase in profit, despite the short year caused by the strike, resulted from an increase in grade of ore treated and from strong copper prices. The quarterly dividends which normally would have been paid October 1965, January 1966 and April 1966 were passed because of the strike. Following re-opening of the mine in April 1966, regular quarterly dividends of 25c per share were resumed in July, and an extra dividend of 25c per share was paid with the regular dividend of 25c per share in October. Total dividend payments for the fiscal year to October 31, 1966 amounted to \$3,807,956. Placer received \$1,698,037.50 of the total dividends paid. Craigmont also paid a regular dividend in January 1967 together with an extra dividend of 25c per share.

Ore reserves as of November 1, 1966, were reported at 21,218,724 tons at 1.76% copper compared to 20,919,450 tons at 1.84% copper on November 1, 1965. The ore reserves were increased (including the tonnage milled) by 1,288,418 tons and a contained copper content of 7,492,520 pounds.

Mining operations in the open pit were continued at maximum rate, stockpiling all ore in excess of immediate mill requirements. Open pit mining was completed in February 1967 at which time 600,000 to 700,000 tons of 1.5% copper ore were on a high grade stockpile in addition to approximately 5,000,000 tons of 0.56% copper ore on a low grade stockpile.

Development of the underground mine for production at 3,000 tons per day of mill capacity by the end of

1967 is well advanced. By early 1968, 3,000 tons per day of mill capacity will be drawn from the underground mine, supplemented by 2,000 tons per day from the stockpiles. The current stockpiling practice will permit uninterrupted mill production during the changeover to underground mining in 1967. Surface and underground exploration continues to further define known ore bodies and to test other potential ore zones. During the period the concentrator processed 989,144 tons grading 1.54% copper at an average mill throughput of 5,150 tons per day to produce 53,312 tons of 26.98% copper concentrate.

All copper concentrate produced was shipped to Japan under contract. The average price received was 52.09

cents (U.S.) per pound compared to 35.75 cents (U.S.) per pound for the previous year.

Endako Mines Ltd. (N.P.L.)
(82.26% owned)

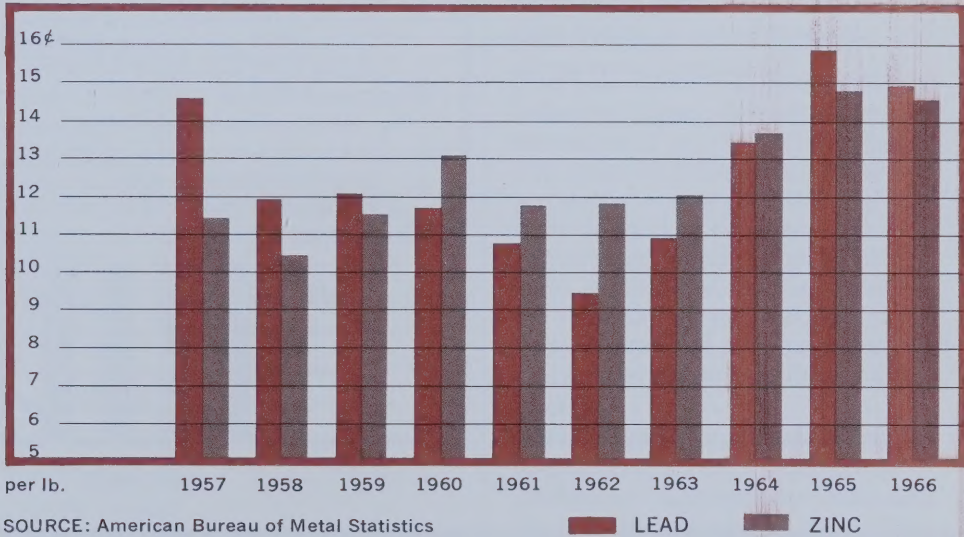
The fiscal year for Endako has been changed to a calendar basis with the Fifth Annual Report submitted for the eight-month period from May 1, 1966 to December 31, 1966.

Your Company has increased its ownership from 76.6% to 82.26% by purchase of common stock during the year. In addition, \$5,000,000 of 6% redeemable preference shares are held, on which accrued dividends at December 31, 1966 amount to

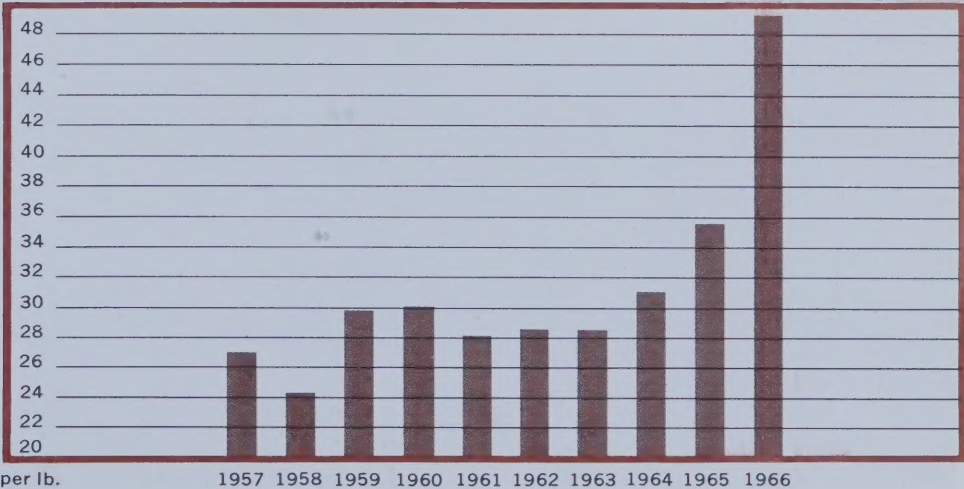
\$726,848.

Funds generated during the eight-month operating period to December 31, 1966 amounted to \$9,551,808. Of these funds \$7,896,621 was spent in repayment of term bank loans, \$1,511,000 in additions to fixed assets and \$340,000 was spent on preliminary stages of mill expansion. As Endako is in its three year tax-free period, no allowance has been made for Income Tax or Provincial Mining Tax. The total expenditure, including loan repayment during the period, exceeded the funds generated, resulting in an increase of \$741,250 in the working capital deficit. The balance on the term loan as at December 31, 1966 stood at \$4,288,242. Borrowings by way of demand loans increased to

**YEARLY AVERAGE
LEAD AND ZINC PRICES PER LB.**
EAST ST. LOUIS



**YEARLY AVERAGE
COPPER PRICES PER LB.**
E & M J EXPORT REFINERY



\$3,775,000 as the additional funds were required for working capital. Endako anticipates that the balance of the term bank loans will be fully repaid by June 1967.

The expansion of the Endako plant to a capacity of 22,000 tons per calendar day is in progress currently at an estimated cost of \$5,000,000, with an additional \$2,000,000 allocated for increased tailings disposal facilities. Both projects will be financed by internally generated funds although some short term loan financing may be required.

Expenditures on fixed assets were made during the eight-month period for additions and improvements to the mill and pit equipment, and for additional housing, paving and landscaping

in the townsite.

The period reviewed has been one of stabilization of production at maximum mill throughput consistent with an acceptable recovery.

The ore reserves at December 31, 1966 were reported at 153,628,000 tons grading 0.155% MoS₂. These reserves include all material grading in excess of 0.08% MoS₂. No new ore was added during the period.

Open pit mining continued in the western half of the ore body. In the eight-month period to December 31, 1966 a total of 7,200,000 tons was mined, of which 3,913,000 tons at 0.237% MoS₂ were milled producing a total of 8,991,982 pounds of molybdenum both as molybdenite and molybdic oxide. Currently, all ore

exceeding 0.12% MoS₂ is milled and all material 0.08% MoS₂ to 0.12% MoS₂ is stockpiled for later treatment. The strip ratio to date has averaged 0.87 tons of waste and low grade ore to each ton milled.

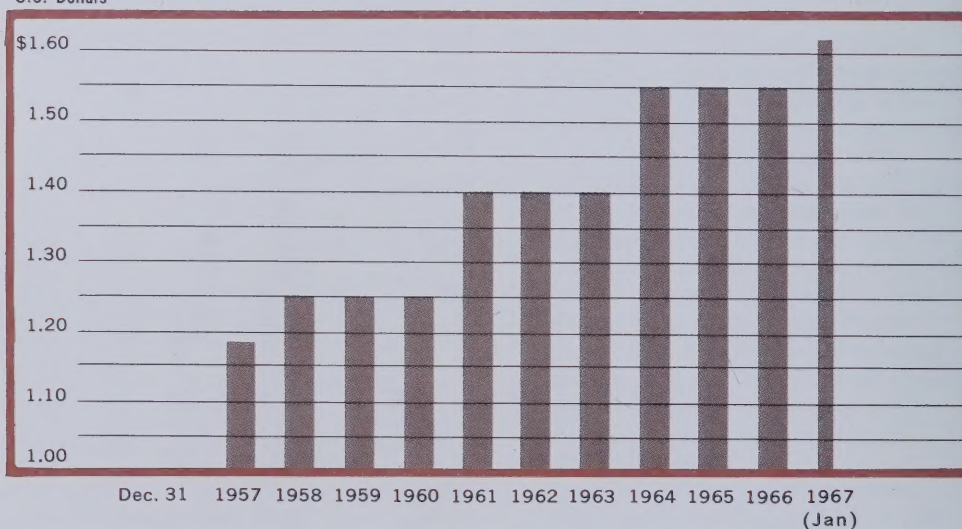
Planned expansion of the concentrator to 22,000 tons per calendar day is well advanced with construction scheduled to commence in May 1967.

Molybdenum was sold as molybdenite (73.5% sales) and molybdic oxide (26.5% sales) under long term sales contracts with commitments up to 12,000,000 pounds of molybdenum per year. Sales were made at \$1.67 (Cdn.) for molybdenum in molybdenite concentrate and \$1.88 (Cdn.) per pound for molybdenum in molybdic oxide.

MOLYBDENUM

Climax Price per lb. 90-95% MoS₂
Concentrate contained Mo.

U.S. Dollars



SOURCE: American Bureau of Metal Statistics



*A general view of
Endako Mines Ltd. (N.P.L.)*

Foreign

U.S.A.

Evan Jones Coal Company (48.33% owned)

The Evan Jones Coal Company continued to supply steam coal to military bases near Anchorage, Alaska. Approximately 210,000 tons of washed coal were sold during the eight-month period ended December 31, 1966. The current military contract has been increased to approximately 270,000 tons and will be completed on time by June 30, 1967. An increase of \$0.39 per ton has been requested to offset increased labour costs and would bring the price to \$11.64 per ton.

Invitations to bid on military coal requirements for next year are expected shortly. Depleted strip reserves available at competitive strip ratios and the possibility of conversion of the military bases to use of natural gas definitely indicate termination of operations at Evan Jones in the immediate future.

Iron Age Mine (100% owned)

The Iron Age Mine, operated as a Division of American Exploration & Mining Co., continued to produce open hearth lump and other iron ore products. A firm contract to supply lump and fine ore to Kaiser Steel

through December 1967 has improved the outlook for the operations.

During the eight-month period ended December 31, 1966, 140,500 tons of ore were sold at an average price of \$7.00 per ton. This compares to sales of 163,000 tons at \$8.50 per ton during the previous 12 months. Increased sale of stockpiled fines account for the lower average price. Current monthly sales average is over 20,000 tons. The outlook for the next 12 months is good.

AUSTRALIA

Fox Engineering (100% owned)

Sales and trading results continued to improve during the period, with mine shuttle cars and mine conveyor equipment making up the major portion of sales. Agreement has been reached with the National Mine Service Company for the manufacture under licence of bulk stonedusting equipment and several of these units have been manufactured and sold to the coal mining industry. Work on new factory premises in excess of 100,000 sq. feet in area will commence during this year. When completed they will house existing manufacturing facilities, together with the Hi-Flow Fans Division, manufacturer of ventilating equipment.

Molybond Laboratories (50% owned)

A half-interest was purchased in an industrial lubricants business, using concentrated molybdenite as a basic raw material. The purpose of this acquisition is to expand the existing activities of the Company and develop further applications of "moly" lubricants. Anticipated trading results for the three months to December 31 were realized and sales have continued at a satisfactory level in the current period.

New premises are presently under construction 25 miles southeast of Melbourne, Victoria to accommodate the existing business and to provide adequate space for further development.

Plywood Manufacturing (100% owned)

Although competition continues to be strong in the plywood industry, the rate of sales for the period has increased, reflected in improved operating results. The building construction industry in Sydney continues to be buoyant and the number of new multi-storied buildings in the metropolitan area has provided an outlet for plywood through Idac, the 93% owned office-partitioning company.

NEW GUINEA

Gold Production

Hydraulic mining operations continued during the period, with 1,466 fine ounces of gold being returned from 705,600 cubic yards of processed gravel. Gravel reserves in the hydraulic mining area at December 31, 1966 totalled 2,390,000 cubic yards at an average grade of 9.7 cents (U.S.) per cubic yard.

Timber

The rate of production and recovery of logs, sawn timber and veneer increased during the period, even though operating conditions were difficult due to the prolonged wet season in the timber stand areas. The sea-going barge, used in transporting logs to Lae continued to operate satisfactorily.

Leron Plains

At the present time the herd has increased to 5,400 head of cattle and

the current rate of natural increase is approximately 100 head per month. Local markets are presently absorbing beef product available for market and the demand is such that this will be the market pattern for the immediate future.

Commonwealth-New Guinea Timbers Limited (49.9% owned)

A dividend of \$270,000 was received from Commonwealth-New Guinea Timbers Limited, which is in line with the previous year. Market demand has been sustained for 'Klinkii' Plywood and operations continue at a satisfactory level of production.

Karlander Shipping Line (20% owned)

Placer holds a 20% interest in this Shipping Company, which had a successful year. The Karlander Line owns three vessels, the "Sletholm", "Sarang" and "Saidor" and has a fourth vessel, the "Sletfjord", under charter. The Line trades mainly between Australia and the Pacific Islands including New Guinea.

PORTUGAL

Terramonte (25% owned)

Development of the Terramonte Mine to profitable production has proceeded satisfactorily. The mill commenced operation officially in February 1966 following a break-in period from December 1965 to February 1966. Since the commencement of milling in December 1965 to December 31, 1966, a total of 76,180 metric tons has been treated to produce 2,625 metric tons of lead concentrate grading 68% lead and 112 ounces of silver; and 2,080 tons of zinc concentrate grading 50% zinc and 28 ounces of silver. Mine operations have been improved by reduction of dilution and an increase in the rate of development. Beginning November 1, 1966 continuous operation commenced in the mill from the previous 5-day week schedule at a rated capacity of 250 metric tons per day.

Term bank loans required for working capital were repaid by December 31, 1966.



A 110" veneer peeling lathe at Bulolo, New Guinea.



Plywood mill at Bulolo, New Guinea.



A mobile drill rig made under license at the Fox Manufacturing plant at Bankstown, near Sydney, Australia.



A view of the Iron Age Mine open pit.

Exploration

MINERALS

Exploration was carried out throughout Canada during 1966. Several areas of large-tonnage, low-grade copper and molybdenum mineralization were investigated in a continuing search for deposits suited to low-cost surface mining methods. In addition to a number of other projects oriented toward smaller-tonnage, higher-grade base metal deposits, all of which were in British Columbia, an extensive program was carried out for lead-zinc mineralization in the Pine Point area, Northwest Territories, without success. Drilling was carried out on the Company's potash permit in Saskatchewan. In eastern Canada, exploration was undertaken in Ontario and Quebec. Regional airborne magnetic and geochemical surveys were carried out with further work contemplated in the coming year.

Exploration activities in the United States were concentrated principally in the western States. Exploration of a large area of copper mineralization is continuing; a large diamond drilling program is being carried on with encouraging results. At Cortez, Nevada, on properties being explored in joint venture with others, a discovery of gold mineralization was announced by the United States Geological Survey in mid-1966. A diamond drilling program by the joint venture to determine the extent of the occurrence is continuing. To date, there are approximately 2,200,000 tons of

near-surface potential open pit ore, containing 0.3 ozs. of gold per ton indicated. Elsewhere in the district, on properties being explored by the same joint venture, a discovery of silver mineralization proved to be of good grade, but of limited extent. Its economic future is contingent on the results of the exploration program referred to above.

Your Company is continuing to expand its exploration program in Australia. Although nothing of mine-making potential has yet developed, several areas require additional work.

The PLANT syndicate which has been conducting exploration work for Placer, North American, and European interests for the past three years, was recently dissolved. No major find was reported.

In Greece, the copper-gold property of Skouries is the object of continued exploration by deep diamond drilling in order to further assess the importance of both the upper and lower mineralized zones. This property is jointly owned by Placer and its American mining associate to the extent of 75%.

The open pit copper mine project of Marcopper Mining Corporation received the continued active interest of Placer through loans made on a commercial basis. Marcopper holds a large low grade copper deposit on Marinduque Island in the Philippines. The substantial investment required to bring the property into production continues to await legislative action to clarify foreign investment status.

With the large work load facing the last Congress, this was not accomplished during the subject period. With general realization, however, that foreign investment should be encouraged to stimulate the Philippine economy, favourable action is anticipated in 1967. Meanwhile, pre-production planning efforts were intensified; preliminary design, surface rights acquisition and other action was taken preparatory to major construction, when this becomes possible.

OIL AND GAS

In October 1966, your Company, jointly with Westhoma Oil Company and Craigmont Mines Limited, agreed to carry out oil and gas exploration in the Foothills area of Alberta on a 5,440 acre Farmout from Shell Canada Limited. Currently one well is being drilled and at year-end was reported at one-third of the target depth.

Placer Development Limited continued its association with an experienced petroleum company in the exploration for gas and oil in Italy and Sicily.

An exploration hole was drilled on the east coast of Italy with negative results, but the geological information gained indicates the area warrants further investigation.

In Sicily, exploration was limited to a seismic program which has outlined several targets. It is planned to drill the most likely of these this year.



*Drilling in progress on the Company's
potash permit in Saskatchewan.*



*Mayhew air rotary drill on prospect
in Northern Queensland.*

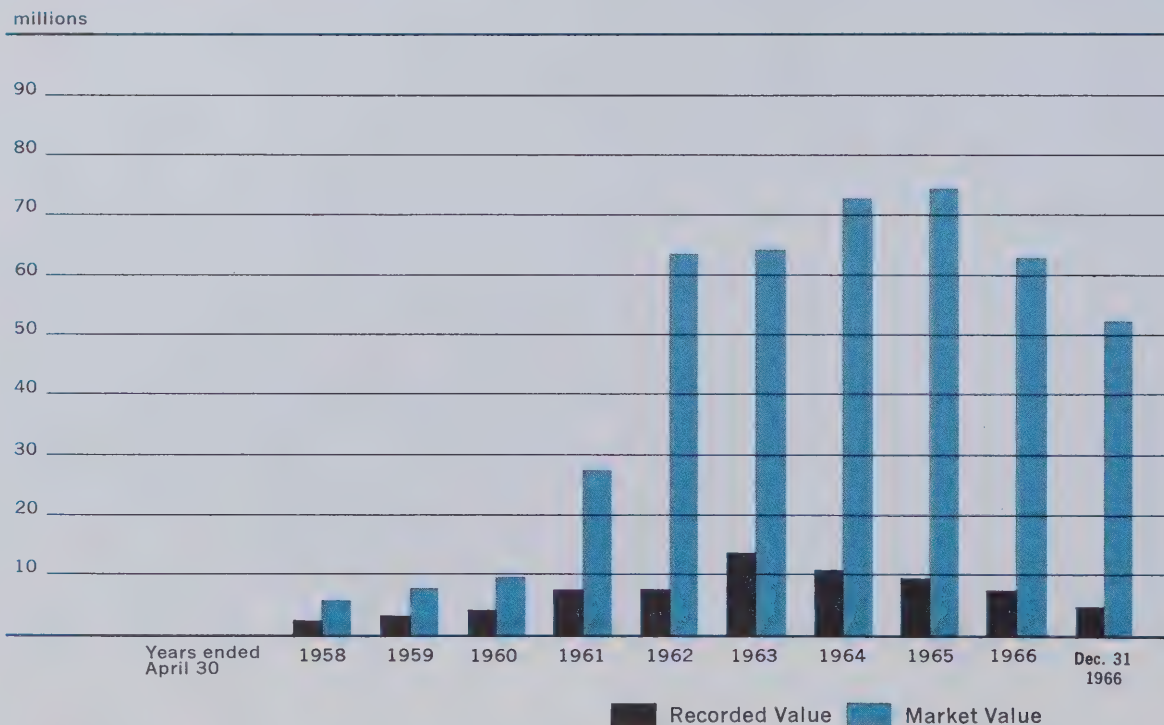


*Canadian Exploration team
preparing for aerial survey.*

5-year summary of operating results

	8 months to Dec. 31, 1966	YEAR ENDED APRIL 30			
		1966	1965	1964	1963
Net operating income.....	\$10,592,300	12,078,400	6,164,900	6,292,500	5,854,400
Investment income.....	2,078,100	1,302,500	3,142,700	2,783,300	1,154,900
	<u>12,670,400</u>	<u>13,380,900</u>	<u>9,307,600</u>	<u>9,075,800</u>	<u>7,009,300</u>
Depreciation and depletion.....	1,973,900	2,270,200	2,144,900	2,236,200	2,145,600
Preproduction and development expenses.....	795,000	896,600	—	—	—
Exploration expenses.....	2,285,500	2,255,400	1,100,400	936,200	803,000
Taxes on income.....	72,700	168,000	1,218,400	1,228,200	1,142,200
Minority interest in earnings of Endako Mines Ltd. (N.P.L.).....	1,322,100	1,796,400	—	—	—
	<u>6,449,200</u>	<u>7,386,600</u>	<u>4,463,700</u>	<u>4,400,600</u>	<u>4,090,800</u>
Net Profit.....	<u>\$ 6,221,200</u>	<u>5,994,300</u>	<u>4,843,900</u>	<u>4,675,200</u>	<u>2,918,500</u>
Per share.....	<u>\$1.17</u>	<u>1.15</u>	<u>0.93</u>	<u>0.89</u>	<u>0.56</u>
Shares outstanding.....	5,301,537	5,228,137	5,217,437	5,229,019	5,204,859

VALUE OF INVESTMENTS



Statement of consolidated profit and loss

for the period April 26, 1966 to December 31, 1966

(with corresponding unaudited figures for the eight months ended December 31, 1965) (Note 1)

	1966	(Unaudited) 1965
Revenue:		
From concentrates and other products	\$25,247,171	\$17,550,675
Income from investments in other companies	2,078,126	1,068,349
Interest earned and other income	689,557	646,102
	<u>28,014,854</u>	<u>19,265,126</u>
Expense:		
Cost of concentrate production and other products sold	12,606,623	8,133,724
Administration, selling and general expenses	2,352,500	1,831,652
Interest on term bank loans	385,341	382,381
Depreciation	1,865,391	1,087,090
Depletion	108,543	258,383
Preproduction and development expenses written off	794,944	937,590
Exploration expenses	2,285,455	1,307,959
Taxes on income (Note 4)	72,703	139,721
Minority interest in earnings of Endako Mines Ltd. (N.P.L.)	1,322,106	1,134,387
	<u>21,793,606</u>	<u>15,212,887</u>
Profit for the period - \$1.17 per share (1965 - \$0.78)	<u>\$ 6,221,248</u>	<u>\$ 4,052,239</u>

Statement of consolidated earned surplus

for the period April 26, 1966 to December 31, 1966

(with corresponding unaudited figures for the eight months ended December 31, 1965) (Note 1)

	1966	(Unaudited) 1965
Balance at beginning of period	\$39,116,864	\$36,177,205
Add —		
Profit for the period, per statement above	6,221,248	4,052,239
	<u>45,338,112</u>	<u>40,229,444</u>
Deduct —		
Dividends:		
Cash	—	338,576
Stock	3,151,483	1,732,822
	<u>\$42,186,629</u>	<u>\$38,158,046</u>
Balance at end of period		

The attached notes form an integral part of these statements and should be read in conjunction therewith.

Consolidated balance sheet

as at December 31, 1966

(with corresponding unaudited figures
as at December 31, 1965) (Note 1)

Assets

CURRENT ASSETS:

	1966	(Unaudited) 1965
Cash, including time deposits	\$ 7,729,216	\$15,067,376
Government guaranteed parity bonds, at cost plus accrued interest	331,105	749,386
Accounts receivable	7,381,522	6,075,443
Concentrate and bullion inventories, at net realizable value	901,214	2,090,550
Other product inventories, at the lower of cost or net realizable value	2,972,937	2,924,266
Inventories of materials and supplies, at the lower of cost or replacement cost	2,358,192	1,417,277
Prepaid expenses	139,423	118,352
	<u>21,813,609</u>	<u>28,442,650</u>

INVESTMENTS AND OTHER ASSETS:

Shares and debentures —		
With quoted market values (\$52,717,431 - Note 3)	4,939,301	8,453,147
Without quoted market values, at cost	2,022,352	1,944,379
Other investments, at underlying book value	759,566	206,132
Advances to mining companies, at cost	2,928,926	2,578,000
Deferred amount receivable from sale of subsidiary companies	2,410,000	2,410,000
Special refundable tax	430,000	—
Mortgages receivable	347,382	—
	<u>13,837,527</u>	<u>15,591,658</u>

FIXED ASSETS:

Mining and other properties, at cost less accumulated depletion of \$1,838,559 (1965 - \$1,714,803)	4,169,125	997,203
Plant, buildings and equipment, at cost less accumulated depreciation of \$14,822,821 (1965 - \$12,290,727)	25,347,007	24,211,477
	<u>29,516,132</u>	<u>25,208,680</u>

EXPLORATION IN PROGRESS , at cost	4,620,933	2,740,019
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PREPRODUCTION AND DEVELOPMENT EXPENSES, at cost less

preproduction credits and amounts written off	2,792,031	3,538,949
	<u>\$72,580,232</u>	<u>\$75,521,956</u>

The attached notes form an integral part of these statements
and should be read in conjunction therewith.

Liabilities and Shareholders' equity

CURRENT LIABILITIES:

	1966	(Unaudited) 1965
Demand bank loans and minimum annual repayment on term bank loans, of subsidiary companies.....	\$ 8,887,675	\$ 7,867,986
Accounts payable and accrued liabilities.....	3,211,819	3,161,179
Income taxes payable — estimated (Note 4).....	118,579	125,652
	<u>12,218,073</u>	<u>11,154,817</u>

TERM BANK LOANS OF ENDAKO MINES LTD. (N.P.L.) (Note 5).....

	4,288,242	14,800,590
Less — Minimum payment due within one year.....	4,288,242	4,305,064
	<u>—</u>	<u>10,495,526</u>

DEFERRED ACCOUNT PAYABLE OF AUSTRALIAN SUBSIDIARY:

Non-interest bearing, payable on or before May 3, 1968 (\$A. 2,000,000).....	2,410,000	2,410,000
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MINORITY INTEREST IN ENDAKO MINES LTD. (N.P.L.)

2,739,825	1,209,267
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UNREALIZED GAIN ON FOREIGN EXCHANGE (Note 2)

225,437	302,634
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SHAREHOLDERS' EQUITY:

Share capital (Note 6) —

Authorized:

- 7,908,000 common shares without nominal or par value
- 92,000 exchangeable common shares without nominal or par value
- 3,000,000 redeemable preference shares with a nominal or par value of \$1 each

Issued: 5,360,676 common shares (1965 - 5,355,676).....	6,189,552	6,120,031
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Less: 59,139 common shares held by subsidiary company (1965 - 129,139)	789,246	1,728,327
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<u>5,301,537 common shares (1965 - 5,226,537).....</u>	<u>5,400,306</u>	<u>4,391,704</u>
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Contributed surplus.....	7,399,962	7,399,962
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Earned surplus (Note 7) — per statement attached	42,186,629	38,158,046
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<u>54,986,897</u>	<u>49,949,712</u>
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Approved on Behalf of the Board:

J. D. Simpson, *Director*

T. H. McClelland, *Director*

<u>\$72,580,232</u>	<u>\$75,521,956</u>
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Notes to consolidated financial statements

as at December 31, 1966

NOTE 1:

At extraordinary general meetings of the shareholders of Placer Development, Limited and Bulolo Gold Dredging Limited held on April 15, 1966, the shareholders of the companies approved the amalgamation of their companies pursuant to the Companies Act of the Province of British Columbia under the name of Placer Development Limited, upon and subject to the terms and conditions set forth in the Amalgamation Agreement dated February 16, 1966. The Amalgamation Agreement was subsequently approved by the

Supreme Court of British Columbia on April 25, 1966 and a certificate of the Registrar of Companies of the Province of British Columbia certifying that the amalgamating companies have amalgamated and are continuing as one company under the name of Placer Development Limited was received April 26, 1966.

NOTE 2:

The consolidated financial statements include the financial statements of Placer Development Limited and all of its subsidiaries.

For purposes of inclusion in the financial statements, accounts prepared in foreign currencies have been restated in Canadian dollars. Current assets and current liabilities have been converted at the rates prevailing on December 31, 1966, other assets and liabilities substantially at the rates at the dates of the relevant transactions and amounts (other than depreciation and depletion) appearing in the statement of consolidated profit and loss at average rates.

The unrealized foreign exchange gain has been carried forward on the consolidated balance sheet.

NOTE 3:

Shares and debentures with quoted market values as at December 31, 1966 comprise the following:

	<i>Recorded value</i>	<i>Quoted market value</i>
Craigmont Mines Limited —		
2,264,050 common shares of 50 cents each, at cost	\$ 1,413,432	\$29,432,265
Mattagami Lake Mines Limited (N.P.L.) —		
1,706,526 shares of \$1 each, at cost	3,145,359	22,949,785
Miscellaneous, at cost	380,510	335,381
	<u>\$ 4,939,301</u>	<u>\$52,717,431</u>

NOTE 4:

Under the special provisions of the Income Tax Act applicable to mining corporations, the company's subsidiary Endako Mines Ltd. (N.P.L.) had no income as computed for income tax purposes for the eight-month period ended December 31, 1966, and has, therefore, no income tax liability in respect of the period.

NOTE 5:

The term bank loans of Endako Mines Ltd. (N.P.L.) which bear interest at $\frac{3}{4}$ of 1% above the New York prime rate, and are secured by a fixed and floating charge against the assets of that company, amounted to \$4,288,242 (U.S. \$3,984,000) as at December 31, 1966. The loan agreements call for 80% of the cash flow from the operations of the mine to be applied to repayment with a minimum annual repayment of \$4,305,064 (U.S. \$4,000,000).

NOTE 6:

Under the employee stock option plan, options to purchase 12,060 common shares and 32,200 exchangeable common shares are outstanding as at December 31, 1966 (after the exercise of options for 3,400 shares during the period). Options are exercisable as to 20% one year from the date of option and as to 20% in each of the four succeeding years at prices ranging from \$6.875 to \$26.67 per share.

NOTE 7:

The earned surplus of Placer Development Limited as at December 31, 1966 included an amount of approximately \$22,000,000, which, under certain conditions, may be distributed to the shareholders free of Canadian income taxes. The foregoing amount arises principally from net capital profits realized over the years on the sale of assets and properties.

NOTE 8:

Total remuneration paid during the period April 26, 1966 to December 31, 1966 to directors for services performed as directors, officers, or employees amounted to \$169,170.

NOTE 9:

The company's subsidiary Endako Mines Ltd. (N.P.L.) is engaged in a program for expanding its milling and tailings pond facilities at an estimated cost of \$7,000,000.

NOTE 10:

In the accompanying consolidated statement of profit and loss the unaudited figures for the eight-month period ended December 31, 1965 include an operating period of only five months for Endako Mines Ltd. (N.P.L.) as such subsidiary's preproduction period ended July 31, 1965.

PRICE WATERHOUSE & CO.

MARINE BUILDING
VANCOUVER 1, B.C.

March 10 1967

AUDITORS' REPORT

To the Shareholders,
Placer Development Limited:

We have examined the consolidated balance sheet of Placer Development Limited and subsidiary companies as at December 31 1966 and the statements of consolidated profit and loss, earned surplus and source and application of funds for the period April 26 1966 to December 31 1966. Our examination of Placer Development Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the Australian and United States subsidiaries and of the Sydney and New Guinea branches of the company.

In our opinion the accompanying financial statements present fairly the financial position of Placer Development Limited and subsidiary companies as at December 31 1966 and the results of their operations for the period April 26 1966 to December 31 1966, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal period.

Price Waterhouse & Co.
Chartered Accountants.

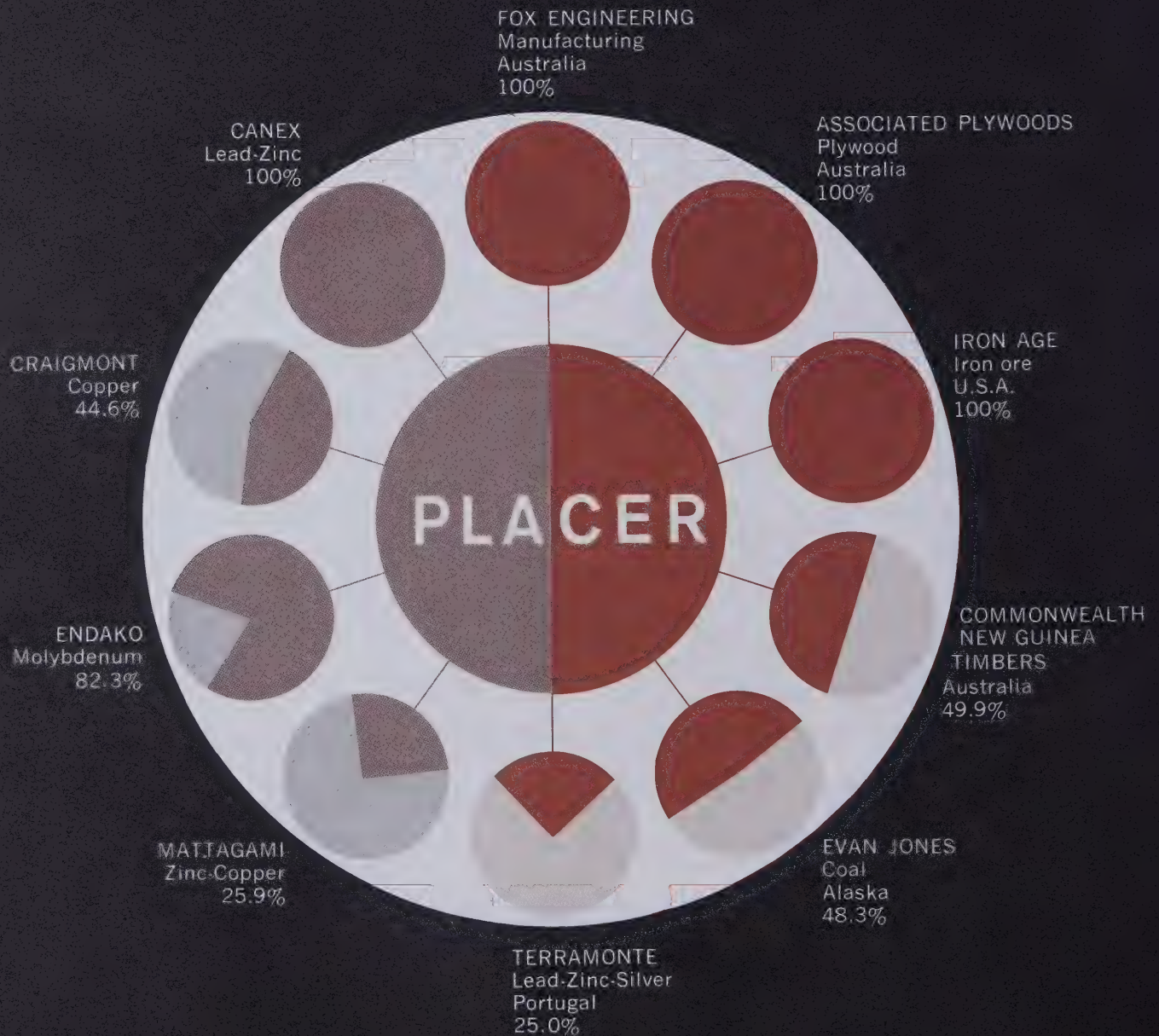
**Statement of consolidated source
and application of funds**

for the period April 26, 1966 to December 31, 1966

WORKING CAPITAL, BEGINNING OF PERIOD			\$15,428,944
Source:			
Profit for the period	\$ 6,221,248		
Add —			
Charges which did not involve an outlay of working capital —			
Depreciation and depletion	1,973,934		
Minority interest in earnings of Endako Mines Ltd. (N.P.L.)	1,322,106		
Preproduction and development expenses written off	794,944	\$10,312,232	
Redemption of Mattagami Lake Mines Limited debentures		2,059,008	
Sale of common shares held by subsidiary company		939,081	
Sale of treasury shares (options exercised)		48,897	
		<u>13,359,218</u>	
Application:			
Dividends	3,151,483		
Repayment of long term portion of term bank loans	7,896,621		
Fixed assets — net	5,558,158		
Increase in exploration in progress	1,265,604		
Investments and other assets — net	1,148,149		
Deferred development expenditure	172,611	19,192,626	
Decrease in working capital			<u>5,833,408</u>
WORKING CAPITAL, END OF PERIOD			\$ 9,595,536

Canadian Interests

Foreign Interests



Placer Development Limited
Incorporated in British Columbia, Canada

DIRECTORS

- Russell H. Bennett, Minneapolis, U.S.A.,
Mining Engineer
John R. Bradfield, Toronto, Canada,
Chairman and Chief Executive Officer,
Noranda Mines Limited
James C. Dudley, New York, U.S.A.,
Partner, Cyrus J. Lawrence & Sons
Albert E. Gazzard, Sydney, Australia,
Vice-President
*Thomas H. McClelland,
Vancouver, Canada,
President and Chief Executive Officer
*Richard V. Porritt, Toronto, Canada,
President, Noranda Mines Limited
*John D. Simpson, Vancouver, Canada,
Chairman of the Board
Vernon F. Taylor, Jr., Denver, U.S.A.,
President, Westhoma Oil Company
*H. Richard Whittall, Vancouver, Canada,
Senior Executive Officer for British
Columbia, Richardson Securities
of Canada
*Member of Executive Committee

OFFICERS

- John D. Simpson, *Chairman of the Board*
Thomas H. McClelland, *President &*
Chief Executive Officer
Albert E. Gazzard, *Vice-President*
J. Douglas Little, *Vice-President,*
Operations
Edgar A. Scholz, *Vice-President,*
Exploration
James C. Tarbuck, *Comptroller*
James L. McPherson, *Secretary*
John R. Croll, *Treasurer*
John M. McConville, *Assistant Secretary*
Garth S. Jones, *Assistant Treasurer*
Allan R. Edwards, *Sydney Secretary*

OFFICES

- Head Office:* 700 Burrard Building,
Vancouver, Canada
Sydney Office: Gold Fields House,
Sydney Cove, Australia

AUDITORS

Price Waterhouse & Co.,
Chartered Accountants, Vancouver, Canada
Routley & Routley,
Public Accountants, Sydney, Australia

SOLICITORS

Cowan & Co., Vancouver, Canada

BANKERS

Canadian Imperial Bank of Commerce
Bank of New South Wales
Brown Brothers Harriman & Co.
First National City Bank
Bankers Trust Company
The Chase Manhattan Bank
The Mercantile Bank of Canada

TRANSFER AGENTS

Company's Office at Sydney, Australia
National Trust Company, Limited,
Vancouver and Calgary, Canada
Eastern & Chartered Trust Company,
Toronto and Montreal, Canada

REGISTRARS

National Trust Company, Limited,
Vancouver and Calgary, Canada
Eastern & Chartered Trust Company,
Toronto and Montreal, Canada

STOCK EXCHANGE LISTINGS

Vancouver, Toronto, Montreal, Canada
and Sydney, Australia

